

Fact Sheet: Industry Issue Resolution (IIR) Program

July 2009

The Industry Issue Resolution (IIR) program's goal is to resolve frequently disputed or burdensome business tax issues that affect significant number of taxpayers. This goal is accomplished by providing clear guidance that business taxpayers can use, thus reducing the time and expense associated with resolving issues on a case-by-case basis during tax examinations.

Business Tax Issues Appropriate for IIR

The IIR program is available to all business taxpayers served by the Small Business and Self-Employed Division (SB/SE) and Large and Mid-Size Business Division (LMSB). Business tax issues appropriate for the program will have at least two of these characteristics:

- The proper tax treatment of a common factual situation is uncertain.
- The uncertainty results in frequent, and often repetitive, examinations of the same issue.
- The uncertainty results in taxpayer burden.
- The issue is significant and impacts a large number of taxpayers, either within an industry or across industry lines.
- The issue requires extensive factual development, and an understanding of industry practices and views concerning the issue would assist the Service in determining the proper tax treatment.

The IIR Program is not appropriate for resolving the following types of business tax issues:

- Issues unique to one or a small number of taxpayers.
- Issues that are primarily under the jurisdiction of the Operating Divisions of the Service other than the LMSB and SB/SE Divisions.
- Issues that involve transactions that lack a bona fide business purpose, or transactions with a significant purpose of improperly reducing or avoiding federal taxes.
- Issues involving transfer pricing or international tax treaties.

How the IIR Process Works

- Business taxpayers, industry associations, and other interested parties may submit issues for resolution at any time.

- LMSB, SB/SE, Appeals, Chief Counsel and Treasury screen, evaluate and select the issues semi-annually. Factors considered include the appropriateness of the issue for the program and whether the requested guidance promotes sound tax administration.
- Issues reviewed and IIR projects selected are announced publicly.
- An IIR team is formed for each issue selected. The team's role includes fact-finding, evaluating input, and recommending guidance to resolve the issue. Team members typically include representatives of SB/SE, LMSB, Chief Counsel, Appeals, and Treasury.
- For issues selected, the role of submitters and other interested parties may include meeting with the team and providing the team additional information, including the opportunity to review books and records to assist in the development of the issue.
- Resolution of an issue is generally through IRS published guidance, typically a revenue ruling and/or revenue procedure, but may include administrative guidance.

Sources of Additional Information

Revenue Procedure 2003-36 contains information on how to submit an issue for IIR consideration. Information on the IIR program is also available on the web at www.irs.gov.

X X X